STUDY

of the

IMPACT OF A HOUSEHOLD BASED SUPPORT PROGRAMME UPON WOMEN IN NEWFOUNDLAND AND LABRADOR

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EXECUTIVE SUMMARY

The purpose of this report was to estimate the social and economic impacts of the income support system proposed by the Royal Commission on Employment and Unemployment.

Section 1 summarizes criticisms of the existing income support programmes, the major criticisms being the cost of the programmes and the failure of the programmes to address the issue of poverty in Canada, composed of those unable to work and the "working poor." Three commissions have proposed support systems based on the household unit: The Royal Commission on the Economic Union and Development Prospects for Canada, the Commission of Inquiry on Unemployment Insurance, and the commission mentioned above, the Royal Comission on Employment and Unemployment. The term, household, was not defined by any of the commissions. Following the above, there is a brief literature review and discussion of the concepts of household and family. Two models are dominant, one assuming that the male is the "breadwinner" of the family and the other assuming a two-earner family. Feminist and women's groups have expresssed concern over the proposed adoption of a policy based upon household and not individual income.

Section 2 summarizes the three income support systems proposed by the three Royal Commissions. Section 3 details the estimated social and economic impact of the proposed programmes, focusing on the Royal Commission on Employment and Unemployment. In the estimation of the social impact (based on interview data) vulnerable groups were identified, e.g. battered women, native women, etc. Interview data indicated the opposition of the interviewees to a system based on household income. They attested that this would be particularly dangerous for women in vulnerable groups. In general, the conclusion of the interviewees was that, although the present U.I. system has serious

problems, it would not be advantageous to substitute a system which would erode the progress women have made toward economic independence. In the economic impact section, the analysis does show that in terms of household welfare as a whole some households are likely to gain economically under the proposals of the Royal Commission on Employment and Unemployment. However, that did not override the serious concern the interviewees had concerning a system based on household income.

SECTION ONE. INTRODUCTION

Canada's Income Support Programmes

Criticisms concerning Canada's income support programmes have been mounting from various sides--federal and provincial governments; business; and community sectors (see Ross, no date). The common themes of government and business center around the cost of these programmes , together with the charges that those with the greatest need do not benefit and the programmes do not encourage their recipients to work and be self-reliant. Community groups have rather different criticisms. One concerns the nature of poverty in Canada today, whereby people living in poverty can be divided into two different groups--those who are unable to work and those who do work. This latter group are called the "working poor." They are poor due to low wages, intermittent employment, and responsibility for dependents. In Newfoundland and Labrador 23 percent of families and 45 percent of unattached individuals live in poverty, compared to 15 percent and 38 percent in Canada as a whole (Ross, 1986). These figures are understated since native peoples living on reserves are not included; including natives would probably increase the total Canadian poverty rate by 10 percent (Ross, 1981). In general, income inequality has increased in Canada, mainly due to two trends, the increase in unattached individuals (the young and the elderly), with a disproportionate number of females in the latter group, and the rise of female-headed single parent families.

The current unemployment system does not target benefits to those who are most in need. Only 10 percent of U.I. fulfills a basic support role; 44 percent plays an income supplementation role; and 46 percent plays an income maintenance or stabilization role for households with incomes exceeding $20,000 (Ross, 1986, p. 112). Benefits are based

on a percentage of weekly earnings and on length of employment; they do not account for family size. According to the Ross report, "workers with low incomes and intermittent periods of employment, who are most in need of income supplementation are 'ikely to receive the least help from the UI program" (Ross, l986, p. l30). The system also does not encourage its recipients to work while collecting benefits; in seasonal occupations, for example, UI recipients have the financial incentives to end employment when their earnings begin to decline and to remain on U.I. rather than accept low-paying job opportunities.

Women are prominent in terms of poverty. In Newfoundland the average annual women's income is equal to 51 percent of men's, while the median is only 45 percent of that for men; women tend to be concentrated in occupations characterized by low wages, low status and lack of opportunity for advancement (Anger, McGrath, Pottle, 1986). The two poorest groups are unattached individuals over the age of 65 (mainly widows), with a 71 percent poverty rate and single parent families (mainly headed by a female), with a 67.7 percent rate (Ross, 1986, p. 71). Although the incidence of poverty among female-headed families is extremely high, most of these women are unable to obtain employment and must depend on social assistance. A major reason for this is the inability to find reasonably priced and adequate day care facilities (Kealey, 1986). Job creation projects in the province have been aimed toward "able-bodied, prime age males," who are considered to be experiencing "normal unemployment" (Anger, McGrath, Pottle, 1986). This group, however, is a minority of the population. Women's access to job creation projects is constrained by both economic reasons, the lack of reasonably priced day care, and cultural norms concerning assumptions about the role of women's work.

This Study

Based upon the criticisms noted above, pressures began to mount for a change in the income security system. Three commissions dealt with the issue of income security and made recommendations concerning changing the U.I. system into one which would focus on income support and supplementation. These commissions were: the Royal Commission on the Economic Union and Development Prospects for Canada (Macdonald Commission), a federal commission; the Commission of Inquiry on Unemployment Insurance (the Forget Commission), a federal commission; and the Royal Commission on Employment and Unemployment (the House Commission, a provincial commission of the Government of Newfoundland and Labrador). All three commissions recommended that the new system be based on the household in contrast to the unemployment insurance system, which is individually based. None of the commissions defined the term household.

Concern has been expressed by women's groups over the proposal of all three commissions that the new system be based on the household as a unit. To that end the Women's Policy Office of the Province of Newfoundland and Labrador requested that research be done on the social and economic impact of the programme proposed by the House Commission on women; reference was also to be made to the other two commissions. This report is divided into three major sections. The first section is an introduction to the major issues of concern, the extent of poverty and the prevalence of women among the poor, criticisms of the prevailing unemployment system, both of which have been discussed above, and the controversy concerning the meaning and use of the term "household," discussed below. The second section is a brief description of the three commissions, followed by the third section which is an analysis of some of the social and economic impacts of the proposals, focusing on the Royal Commission on Employment and Unemployment. The fourth section will be a brief conclusion.

The Concept of Household and Family

As will be seen in the third section below, the three reports did not define what is meant by the term "household." From analyzing the reports of the three commissions, it appeared that the term household was used in a meaning that is synonymous with family. The term, family, too has many meanings.

There are two basic models of the family at present: the breadwinner and the two-earner family. These two models do not include a common family unit today, the single parent family. There are also other groups which are beginning to be recognized in some circles as families. These are gay and lesbian couples with or without children and communal arrangements.

Haddad and Milton (1986) and Eichler (1983) discuss the breadwinner concept of the family, which was the foundation of Canadian ideology of the family. This can be traced to the 19th century, in which women were primarily economic dependents and men were breadwinners. "This ideology perpetuated a narrow definition of women that reinforced their roles as dependent wives and mothers within family benefits assistances and day care eligibility criteria" (Haddad & Milton, 1986, p. 68). This dominant ideology was closely linked to the family wage, a wage earned by an individual man sufficient for the support of himself, his wife and dependent children. This form of family came to be conceptualized as an ideal form of family, modelled after the middle class norm. However, only a minority of the working class was able to conform to this norm, but it embodied the notions of acceptable, "normal" roles for men, women and children within families (Haddad & Milton, 1986). The breadwinner family concept implies a rather strict division of labour; the wife is responsible for child care and housework and the husband is responsible for the economic welfare of the family.

The second model of family is the two-earner family. According to this concept every adult is considered responsible for his or her own economic welfare and responsibility for the economic welfare of the children and for childcare in general is equally shared. At present there are more two-earner families than breadwinner families.

Eichler refers to different types of policies based on different assumptions of what is a family. For example, policies oriented toward the breadwinner type of family will give primacy to the economic needs of breadwinners over those of other participants in the labour force, facilitate the homemaker functions of wives and mothers, and compensate the surviving spouse for the loss of the performance of the societally expected functions of the other spouse. For example, there would be compensation for the homemaker functions of the wife/mother in the case of death, desertion or incapacity of the wife/mother, but no compensation if the childcare or housekeeping contributions of husbands/fathers cease or are interrupted. Policies modeled on the breadwinner type of family "treat the family as the smallest economic and administrative unit" (Eichler, 1983, p. 121).

In contrast, policies oriented toward two-earner families are more individual based. Policies stress equal treatment of every labour force participant, assure equality of women with men in the economy, recognize that society shares a part of the responsibility for child care and welfare, and enable the equality of men with women in the family.

A common assumption of policies is that "there is a uniformity of experience for all members in the same family" (Eichler, 1983, p. 2). This is far from reality. For example, family violence may be the norm; according to one study the "true incidence for violence in a marriage is probably closer to 50 or 60 percent of all couples than it is to the 28 percent

who were willing to describe violent acts in a mass interview survey (Straus, 1980, p. 31, emphasis in the original).

> If we take together all forms of violence that can take place within a familial setting, such as wife battering, husband battering, child battering, sibling battering, parent battering, sexual molestation on the part not just of parents and siblings but also of stepparents and other relatives such as uncles, grandfathers, and others, an estimate of 50 to 60 percent of Canadian families experiencing some form of familial violence may not be too high (Eichler, 1983, p. 55).

Other types of dysfunctional families are those in which one of the spouses suffers from substance abuse. Usually welfare cheques for a husband-wife family are made out to the husband on behalf of the whole family. If the father/husband is an alcoholic, the fact that the father/husband controls the money clearly constitutes a conflict of interest with all other family members.

Eichler stresses that, in terms of policy analysis, it is important to recognize the multiplicity of family types and the diversity of familial experiences. This means that "every policy or programme must be assessed with respect to its applicability and potential differential implications for every individual family member: mother/wife, father/husband, and child (separately for boys and girls)" (1983, pp. 122-123). She goes on to say that: "Clearly, one cannot call any policy or programme 'good' if it has demonstrably negative effects on at least one family member" (1983, p. 123).

Most government programmes base entitlement to benefits on some aspect of family status, rather than on personal characteristics. For example, the Guaranteed Income Supplement, social welfare, day care subsidies, and housing subsidies for the elderly all depend on family income and marital status, and in the case of social assistance, also on the sex of the applicant. In order to implement these programmes, some policy definition

of what a family is has to be made. Once criteria which define a family have been adopted, these same criteria, by implication, rule out other groupings as non-families. Eichler terms this "familism-individualism flip-flop," i.e. when a policy--in the name of the "family"--actually discriminates against some or all families, or against individuals on the basis of their family status. For example, if two people of the same sex or opposite sex have a joint household and one is totally dependent on the other, the one earning money cannot claim a tax exemption on the other.

Both the breadwinner and two-earner models are represented in Canadian social policy. For example the childcare deduction is available only to working mothers and working fathers, the latter only in the case of the death, absence, or disablement of the mother. Other examples of policies based on the breadwinner model are social welfare and spouse's allowance. By contrast, family allowances, unemployment insurance, old age security, health care insurance, and public education benefit all families, irrespective of their structure and internal organization (Eichler, 1983, p. 324). The breadwinner concept, in Eichler's view, is partially responsible for the high proportion of poverty among women. Having been defined as dependent, as women are in breadwinner families, they have built up few individual entitlements to any social benefit in their own right; by contrast, their husbands have generally built up entitlements to social benefits over a lifetime. "Creating or maintaining social policies that are oriented toward the breadwinner model of the family, then, contributes toward maintaining the dependency of women and the economic superiority of men" (Eichler,1983, p. 326).

Based upon the above discussion of the breadwinner versus the two-earner concepts of a family, it may be understood why many individuals who are concerned with women's role in the Canadian economy and society are worried about the implications of using the

household (a breadwinner measurement) as the basis for an income support programme.

The following section summarizes the major recommendations of the three reports.

SECTION TWO. PROPOSED INCOME SUPPORT PROGRAMMES

This section will briefly describe three income support programmes proposed by three commissions: the Royal Commission on the Economic Union and Development Prospects for Canada (the Macdonald Commission), the Royal Commission on Employment and Unemployment (the House Commission), and the Commission of Inquiry on Unemployment Insurance (the Forget Commission). Similarities and differences will be noted.

Macdonald Commission

The Macdonald Commission called for a Universal Income Security Programme, which would pay a basic income supplement to all Canadians; the supplement would be progressively reduced as income rose. Two possibilities were discussed: options A and B. Both options proposed the elimination of the following programmes: the Guaranteed Income Supplement (but not the Old Age Security), Family Allowances, Child Tax Credits, married and child exemptions, federal contributions to social assistance payments, and federal social housing programmes (Report, Royal Commission on the Economic Union and Development Prospects for Canada, vol. 2, p. 795). In addition, there would be changes in unemployment insurance:

1. There would be a relationship between the amount of premiums a person would pay and the risk of unemployment for that person.
2. Benefit levels would be reduced from 60 per cent to 50 per cent of insurable earnings.
3. The employment period required to qualify for UI benefits would be extended from the present ten to fourteen weeks (ten weeks in Newfoundland).

4. One week of benefits would be provided for every two or, possibly, three weeks' labour force attachment.
5. Regional extended benefits would be terminated.

Both options apply a tax-back rate of 20 per cent to benefits in both systems and the assumption is that the current personal income tax/rate structure will remain intact. Both options are based on household income. All of the income supplementation schemes discussed here, i.e. the Macdonald, Forget, and House Commissions are based on household incomes.

Option A includes the following recommendations:

1. the elimination of the personal income tax exemption;
2. a guaranteed income of $3825 per annum (based on mid-1984 figures) for each adult and for the first child in a single-parent family, and $765 for any other child.

Various types of households gain under this system. For example, one-or two-earner/two-children families with earned annual incomes below $30,000 will gain. Gains of $5000 to $7000 are possible among those families with earned incomes in the $8000 to $10,000 range. However, those with very low incomes may lose due to the effects of the loss of housing benefits and of some social assistance. For example, a two-adult/two child family with no other income would be guaranteed a basic annual income of $9180 provided by the federal government. However, the loss of housing benefits and perhaps some social asssistance would result in an economic loss. This would have a serious impact upon the elderly (Commission on Inquiry on Unemployment Insurance, p. 117). Provinces might continue to provide social assistance in the amounts

they now provide from their own funds. If that was done, provincial payments would add, on average, approximately $3500 to $4500 to the basic levels, making $12,500 to $13,500 available to Canada's poorest families. Families with incomes above $30,000 will lose. For example, maximum losses of about $3800 occur for families earning over $40,000 annually.

Option B, in contrast, would leave the personal income-tax exemption in place. The guaranteed income would drop to $2750 per adult and for the first child in a single-parent family, and $750 for children in two-parent households and for the other children in a single-parent household. For senior citizens with no source of income other than OAS benefits, the basic guarantee for single persons over 65 years of age would be the same as under option A ($3825). In addition, the commissioners favoured that the tax back provision should be waived for single pensioners. To leave the personal exemption in place reduces the loss for upper-income families to the $1000 range, but net gains are also reduced in the $8000 to $12,000/earned-income family to the $4000 to $5000 range. The loss for upper-income families will be reduced to the $1000 range, compared to $3800 loss under option A for a family income in excess of $40,000 annually. The commissioners had a slight preference for option B.

The commissioners noted that if the above programmes were eliminated, the Universal Income Security Programme would be essentially self-funding, and that the savings could be used to finance another major recommendation of the Macdonald Commission, the Transitional Adjustment Assistance Programme. This programme would provide adjustment assistance (Transitional Adjustment Assistance Programme--TAAP) for two groups: those who have exhausted their UI benefits and those for whom no immediate job opportunities can be identified. For the latter group, this adjustment

assistance would be granted if they were willing to move in order to accept employment or to undertake retraining to improve their labour-market prospects. Commissioners favoured directing this programme to prime-age and older workers (between the ages of 25 and 64 years of age), who had worked for five years (vol. 2, p. 617). This would most likely be directed towards men and single and divorced women, since married women may not be able to obtain the approval of her husband for relocation. A final effect, noted by the commissioners, is that the maintenance of high levels of minimum wages would be no longer important. Hence the government would be able to deemphasize minimum wages as a policy device. This would result in higher levels of employment for workers with low-skills. An interviewee remarked that a lower minimum wage would have an effect of subsidizing employers to the detriment of women (those receiving minimum wages are disproportionately women).

The Forget Commission

The Forget Commission, like the Macdonald Commission, favoured the use of unemployment insurance to provide "temporary replacement of earnings in the case of job loss or an interruption of employment earnings" (p. 182), not as income supplementation. Since the purpose of this policy report is to look specifically at the income support proposals, further discussion will not be focused on the proposals of the Forget Commission in terms of unemployment insurance, except to note two recommendations that would impact on women, one favourably and the other negatively. One recommendation was that U.I. benefits be extended to part-time workers who work a minimum of eight hours per week and that the part-time workers be allowed to accumulate hours of work in order to become eligible for coverage. In terms of women,

this part of the proposal would have positive outcomes, since the majority of part-time workers are women. However, a major recommendation of the Forget Report would have negative repercussions upon many Newfoundland women. This concerns the Forget Report's proposal that annualization be used to calculate U.I. benefits--basing the level of benefits on the previous 52 weeks instead of the previous ten or twenty. The dissenting report of the Forget Commission pointed out that "someone who had worked only twenty-six weeks (in the past fifty-two) would have benefits cut by 50 per cent [and] someone laid off for forty weeks would suffer a 75 per cent reduction in benefits" (quoted in Women Speak, Spring 1987, p. 4). This second recommendation would have a very serious impact on people engaged in seasonal work, as many Newfoundland women are, especially those employed in the fishplants.

The focus of the Forget Report was on unemployment insurance, and only a few pages of its report dealt with an "earnings supplementation program" (pp. 115-119). Its recommendation was that the federal government should cooperate with the provinces to institute earnings supplementation programmes that will complement the changes that are being proposed in the Unemployment Insurance programme. It favoured those who are attempting to enter the labour force and called for a programme that would ensure that "an individual's total income would go up significantly when earnings increase" (p. 118). It also recommended that the earnings supplementation programme have a low and consistent tax-back rate. Hence, as income rises, benefits should be reduced at a relatively low rate. The commission recommended a 40 per cent reduction. As did the Macdonald Commission, the Forget Commission recommended that mobility assistance be given to individuals for finding work in another area and for retraining. It also recommended the consolidation of all mobility programmes.

The House Commission

The House Commission, as was true of the Macdonald and Forget Commissions favoured the ending of U.I. as an income supplementation and income maintenance programme. The Commission recommended a negative income tax that would have both support and supplementation features. It called for two systems: the Guaranteed Basic Income System (GBI) and the Earned Income Supplementation System (EIS). The GBI would provide basic income support for all individuals and households through a GBI set at half the minimum income level established by Statistics Canada's low income cut-off. This level would be roughly equivalent to what households in Newfoundland now receive on social assistance. For example, as cited in the report "if the minimum level were $14,400 for a family of one adult and two children, and that family had no earned income during the previous year, it would receive a GBI of $7,200 paid in monthly installments of $600 each over the next 12 months" (pp. 411-412). Now if this family did have an income of $1,200 during the previous year, its GBI would be reduced to $6000 ($7,200-$1,200), but this family would be able to partake in the EIS. The intent of the House Commission was to give people a strong incentive to work, and thereby it recommended that the GBI be set at half the poverty level. Concern has been raised as to whether or not increasing the "incentive to work" would realistically result in increasing the proportion of able-bodied persons in the work force. Newfoundland does have the highest unemployment rate of any Canadian province.

The House Commission proposed that both the GBI and the EIS be instituted. The Commission said that the scheme could be either " for households or for individual income-earners." The EIS would subsidize earned income on "a decreasing scale up to an agreed-upon limit," with benefits being reduced at a "certain rate above specified income

level" (p. 412). The example that was given was a supplement of $1 per $1 for the first $1,000 earned, 90 cents per $1 for the second $1,000 earned and so on, down to 10 cents per $1 for the tenth $1,000 earned (p. 413). All three commissions recommended the "recovery" of a supplement from the incomes of high income households through a special tax.

The Commission also recommended that a special educational incentive be built into the new system, treating, for example, money spent on education the same way as money earned, giving people an education supplement on the same scale as outlined above. This could be of benefit to women, and also to men, in terms of improving their skills and chances for employment.

It is difficult to compare the Macdonald and House Commissions, in terms of the amount of the basic supplement which would be received. The report of the House Commission did not specify exactly how the GBI would be computed. However, the two options of the Macdonald Commission and the House Commission can be compared in terms of the example of a single parent with two children. Option A, which includes the abolishment of the personal income tax exemption, would provide $8415, which incidentally is the same amount provided to a husband and wife with one child. Option B, favoured by the commissioners, provides $6250. The House recommendation, which most likely presupposes that the conditions underlying option B will prevail, would give a single parent with two children $7200 for a GBI.

The following section examines in more detail the impact of the proposed income supplementation schemes on women.

SECTION THREE: SOCIAL AND ECONOMIC IMPACT OF THE PROPOSED INCOME SUPPORT PROGRAMMES UPON WOMEN

In this section the social and economic impacts hypothesized to occur from the institution of the proposed income support programmes, which are based on the unit of the household, will be discussed. The discussion will commence with the social impact, for through the social impact vulnerable groups will be identified, and these groups will be highlighted in the economic part of the section. In that section, attention is focused on the proposals outlined in the House report, comparing their effects to the U.I. recommended in the Forget report.

Estimation of the Social Impact

Much of the discussion in this section is based upon face-to-face and telephone interviews with twenty-five people, mainly but not exclusively women. Face-to-face interviews were conducted with people in St. John's and telephone interviews were conducted with people from outside St. John's. Several interviewees had been involved in the workings of the House Commission, whereas most of the remaining are active in various groups and organizations, some of which are women's groups and organizations. Most of them had serious reservations about the income supplementation programmes, mainly due to these programmes being based on household income. As will be seen below, their concerns were the following: 1) the eroding of the little economic independence that has been gained by women;
2) the definition of household which will be applied; 3) control over the household money; and 4) the vulnerability of certain groups, not only women, within households which could

be termed dysfunctional, i.e. spouses and children of alcoholics, abused dependent parents, etc. Each area will be discussed below.

Economic Independence for Women

All but one interviewee felt that an income supplementation programme should not be based on household income, irrespective of whether just the husband received the cheque or the amount was divided equally into two cheques and given to both husband and wife. Many interviewees pointed out that, although women have always worked in traditional Newfoundland, referring particularly to the fishing economy of the outports, men controlled the money received for their labour. One interviewee stated that in the past the fisherman's wife worked on the flakes; however, the fisherman always received the proceeds from her work. She characterized the income supplementation proposals as "backtracking." This particular person was conducting research in rural Newfoundland at the time the income supplementation programme proposed by the House report was announced. According to the interviewee the women, most of whom worked in the fishplants, were very scared of losing unemployment insurance, which was in their name. They felt that U.I. was the "only thing they had personally that could survive the breakup of a marriage." A woman from Corner Brook interviewed by telephone asserted that the present form of unemployment insurance, i.e. its use as income supplementation, was important in aiding a woman's independence.

Almost all interviewees stressed the importance of the Family Allowance cheque for precisely the reason that it gave a little bit of economic independence to the woman, and in the case of women in abusive marriages, further discussed below, it may be the only money that the woman has control over and that will enable her to leave her abusive

husband. The issue of economic independence for women was not only a philosophical issue, but one which has practical salience.

Definition of the Household

In none of the proposed income supplementation programmes was "household" defined. According to an interviewee involved in the workings of the House Commission, the commissioners made a very deliberate decision not to define household in the report. The assumption in all reports was that household is equivalent to family. The term family is not synonymous with the term, household. Families are not necessary economic units; family members can be responsible for one another and live separately. Or, households can be composed of non-related members who are responsible for each other. Several interviewees attested that a minority of people live in "traditional families," i.e. families headed by a breadwinner (one interviewee stated that only 16 percent of the families were traditional breadwinner families). However, according to these interviewees, traditional families are still assumed by policy makers to be the "norm" and all other types of families, although they are a majority at present, are considered to be households or families on the "fringes" of society.

The interviewees were very concerned as to how households will be defined. The following examples were cited, in terms of whether or not they would be considered households:

1) non-nuclear and extended families;

2) common-law situations;

3) unrelated persons living communally;

4) lesbian or gay couples with or without children.

In Newfoundland and Labrador extended families living in the same household are not uncommon. Amongst native peoples the "normal" family traditionally is the extended family. One native interviewee from Labrador stated that how households will be defined is very important for native groups. Other than the commonality of the extended family, the interviewee said that a woman often will give her children to her mother and father. Common-law situations, too, are not unusual. Will common-law families be considered households? Other interviewees mentioned non-traditional households, such as communal households and lesbian or gay households with or without children. How will they be counted? You also have the case of non-lesbian single mothers who share living space and child care. Were they to be considered a household? Would they and other members of "actual" households be included in the income supplement?

According to most interviewees, households should be defined in terms of the individuals actually living in a house. Some stated that there should be some long-term commitment, two years at least. One interviewee defined a household as the sharing of lives, not just sharing of the premises, for at least a two year period. This would include the sharing of household duties, both in terms of labour and/or money.

Control over the Household Money

The assumption of the interviewees was that the income supplement cheque would be directed to the head or maintainer of the household, which in households with an adult male and adult female, would most likely be the male. In that event control over that money would be in the hands of the adult from the male gender. Wealth is not necessary evenly distributed within a household. Both the literature review in the first section of this report and interview results indicate that a lot of women do not have access to

family income. Many interviewees stated that often men give their wives the same allowance for years. In fact, many women don't even know how much their husbands make. Various incidents were related that illustrated the fact that unequal relationships among adults can exist within a family concerning money. A rather sad and dramatic story concerned a woman with a husband with a $40,000 annual salary. The husband gave her $20 per week for spending money provided "if sex was up to standard." Even wealthy women, therefore, do not necessarily have access to the household income. For them, too, the Family Allowance cheque is important in terms of giving them some economic independence and enabling them to leave the marriage if the relationship is or becomes abusive. Several examples were given of mothers who were minors. The father of a seventeen year old mother received her cheque from social assistance because she was a minor. She was not even given enough money by her father to buy diapers for her baby.

Vulnerability of Certain Groups

The groups considered to be the most vulnerable to negative impacts of the proposed income supplementation programmes were: senior women, battered women, women with alcoholic and/or drug dependent spouses, and native women. Three concerns were expressed concerning older people. One centered around the assumption that an older parent and an adult child living together would be considered a unit and that the priorities of the two individuals would be the same. Several gave the example of an older widow and a young adult child. They hypothesized that if the G.B.I. and income supplement cheque were given to the son, his priority would be to buy a car and not to use the cheque for his widowed mother. The second concern related to the serious issue of the battering of older people. Many are battered by their children, "battered for their pension money

and treated very badly." One interviewee told of a woman she met in the hospital. This woman was so happy to be in the hospital and was terrified to go home. Her body was covered with bruises and her children did not bother to visit her or to bring her any clothing. The third concern was the fear that pressure would be applied by the children on their parents to live with them if household is defined to include non-nuclear family members. In Newfoundland it is common for parents to own their own house and for the houses of the parents and children to be within the same garden. In the event that the extended family will be included within the household pressure may be placed upon older people to stay in the same house as their child. Incidents of battering might well increase.

The second group mentioned was battered women. The interviewees, some of whom were battered women, stressed the vital necessity of having a cheque in the woman's name. Some of the interviewees were residents of Transition House in St. John's, and all of them emphatically maintained that without money they would not have been able to leave the abusive situation. The only money that all had access to was from Family Allowance. Some were able to obtain U.I., which was immensely helpful to them in living in an abusive situation. One stated: "Right now the money is not enough to make a go of it, but at least now you can walk out the door and think that you can make it for a month. What if none of the money is given to the wife?" They all thought that there would be more pressure placed on them by the husband to stay in the abusive situation and that he would be more violent. This is due to the fact that his G.B.I. will decrease if she leaves. The abused women felt that they would be more intimidated if the cheque goes to the husband and Family Allowances are ended. What little independence they have will be taken away. This group is a large group and one interviewee cited some research which estimates battered women to be 40 percent of those women in relationships with men.

The third vulnerable group mentioned were women who had spouses suffering from substance abuse, most commonly alcohol. Alcoholism is a serious problem in Newfoundland, and numerous interviewees told accounts of women of alcoholic husbands who did not have enough money for the household, including food for them and their children, because the husband "drank their cheque." This groups will certainly suffer if the G.B.I. cheque is directed toward the male spouse.

The fourth vulnerable group consists of native women. The researcher spoke with several native women and one native man and, in addition, with two noted anthropologists who have lived in Labrador for many years. All individuals interviewed cited two problems affecting native women. The first, not peculiar to native women as noted above, is the problem of alcoholic spouses. However, the incidence of alcoholism is higher among native communities than among non-native communities. The second problem concerns the norms for distribution of money. Unlike the norms for game, which insure that there is distribution of game by the hunter within the community, money received is considered the personal property of the recipient. Innu and Inuit women, for example, have control over some money at present--money they make from crafts, unemployment insurance, and the Family Allowance. With the institution of the income supplementation programmes they would be limited mainly to the first source, money from the sale of crafts, often a very small amount. The men have control over the money they receive. Hence if the G.B.I. were directed to the men, they would not feel that they needed to share the cheque with the wife and children. They certainly would not feel that they had to spend money they received in their name first for food and clothing and second for personal things like drinking. Young people residing in the house would not feel that they have to share the money they make with the household. The rule for the young people is to bring food into

the house, not money. The feeling of all interviewees concerning the effect of government policies on natives was that the government always designs policies which are appropriate for the urban population, not for the rural and native population. When policy is applied to natives, people are forced to obey rules that are either not enforceable or irrelevant.

The major theme underlying the above discussion of groups of women believed to be disadvantaged under a type of income security programme based upon household is that it would increase women's economic dependence. It has been only within the last fifteen years that there has been a movement toward the economic independence of women. From the above interviews the movement toward economic independence has been slight, and for some groups it is only the Family Allowance that women have some control over. It is believed by all of those interviewed that this type of policy would represent a step backwards in terms of economic independence for women.

Estimation of the Economic Impact

The following general groups of women were identified as being particularly vulnerable with respect to a change in income security from one based on individuals to one based on households:

1) single mothers with children, who may or may not want to co-habit with other single mothers with children;
2) a dependent woman with children in a dysfunctional marriage relationship;
3) youth income earners living in an extended family relationship;
4) the elderly living in an extended family relationship;
5) single women and elderly women with no employment opportunities;
6) single parents with no employment opportunities.

Since data on such individuals was not readily available, general employment characteristics were created which were thought to capture the most typical situations describing the opportunities available to these women. These employment characteristics are described in this section of the report.

There are many employment and family characteristics which affect the level of support a family would receive under any individual or household based income support programme. For example, the definition of "household" itself is crucial to a determination of the level of support that would be provided. Hourly wage rate, hours of work per week, and weeks of employment, *for each income earner*, impact significantly on the level of support. Then one has to consider all the different rules which might be applied for each programme. In short, it is very difficult to isolate the effect of any one aspect when one attempts to look at the global picture. In order to facilitate the focus of attention on the crucial differences between a programme based on households as opposed to one based on individuals, it was decided to choose one of each and compare the relative economic benefits of only those two. For the purposes of comparison in this report, the current U.I. programme was chosen to represent an individual bassed income support programme, and the House Income Security proposal was chosen to represent a household based income support programme. In all that follows, estimation of earned income and income support will be made for those two programmes only.

One serious limitation of the analysis performed in this section of the report is that it does not include the income support available to families from child tax credits, family allowances, and social assistance. It also does not include the income support available to families from child tax credits, family allowances, and social assistance. In addition, it does not include any form of Unemployment Insurance benefits which may or may not be

available with the House Income Support. The difficulty with integrating all these income support systems to generate valid comparisons for the two basic programmes is that for the House programme the integration would be entirely speculative. Therefore the comparisons are based on earned income and unemployment insurance benefits for the current U.I. programme, and earned income and House income support for the House programme.

Two categories of single mothers were considered: single mothers with limited employment opportunities for twenty hours per week at $5.00 per hour; single mothers with full-time employment opportunities for thirty-five hours per week at $5.00 per hour. Total annual household income for a single mother as described above with two children was calculated under both the current U.I. programme and the House Income Security programme, where the weeks of employment available to the woman varied from four weeks per year to fifty weeks per year. Furthermore, two situations were considered: one in which one single parent lives alone with her two children, and another in which two such single parent families cohabit and are deemed to be *one household*. The results are recorded in figures 1 and 2 (figures 1-5 and tables 1-2 follow this section).

The dependent woman with children was assumed to be married to an individual who worked thirty-five hours per week at $14.50 per hour for ten weeks per year. The woman was assumed to have full-time employment opportunities for thirty-five hours per week at $5.00 per hour. There were two children in the marriage. Total annual household income for this family was calculated under both the current U.I. programme and the House Income Security programme, where the weeks of employment available to the woman varied from four weeks per year to fifty weeks per year. Once again, two situations were

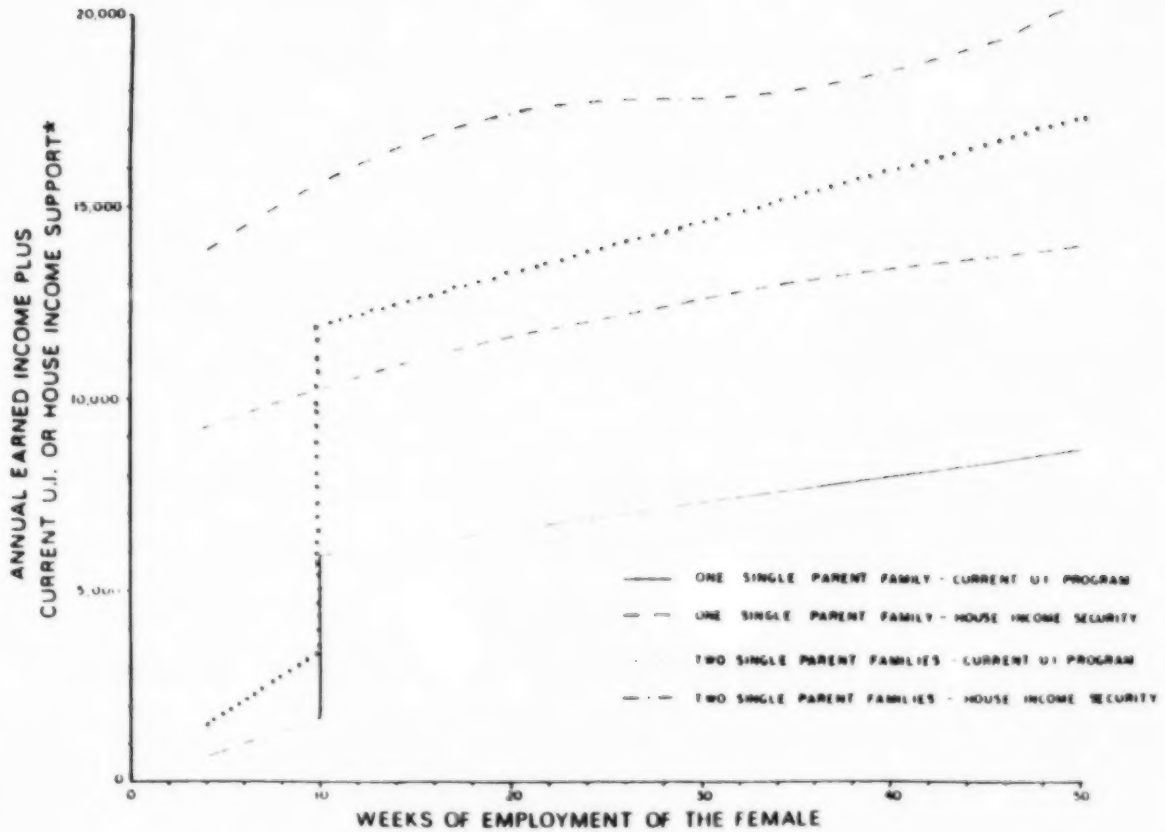
considered: one in which the wife lives with the husband and the two children, and another in which she chooses to leave her husband and live alone with her two children. The results of these calculations are recorded in figure 3.

Two different scenarios involving the extended family with employed youth were considered: one in which the father of the family was not eligible for U.I. benefits, and another in which the father of the family was eligible for U.I. benefits. The results are recorded in figures 4 and 5, respectively. The father of the family was assumed to have full-time employment opportunities for thirty-five hours per week at $7.45 per hour. The mother and the youth were assumed to have full-time employment opportunities for thirty-five hours per week at $5.50 an hour. There were two other children in the family. Total annual household income for this family was calculated under both the current U.I. programme and the House Income Security programme, where the weeks of employment available to the mother and the youth varied from four weeks to fifty weeks per year. Two situations for the family were considered: one in which the youth lives with the family, and another in which the youth chooses to leave the family.

The last situations investigated were not dependent upon weeks of employment for income determination. These situations involved individuals with no earned income and included elderly women, single women with no employment, and single parents with no employment. Three tables have been prepared to document the income effects in these cases. Table 1 reports amounts for an extended family in two different situations: one in which an elderly couple is included in the definition of household for a nuclear family of five, and one in which the nuclear family of five and elderly couple are deemed to be separate households. In this case, calculations of total household income under Forget U.I. rules are also included. It is assumed that there are two income earners in the nuclear

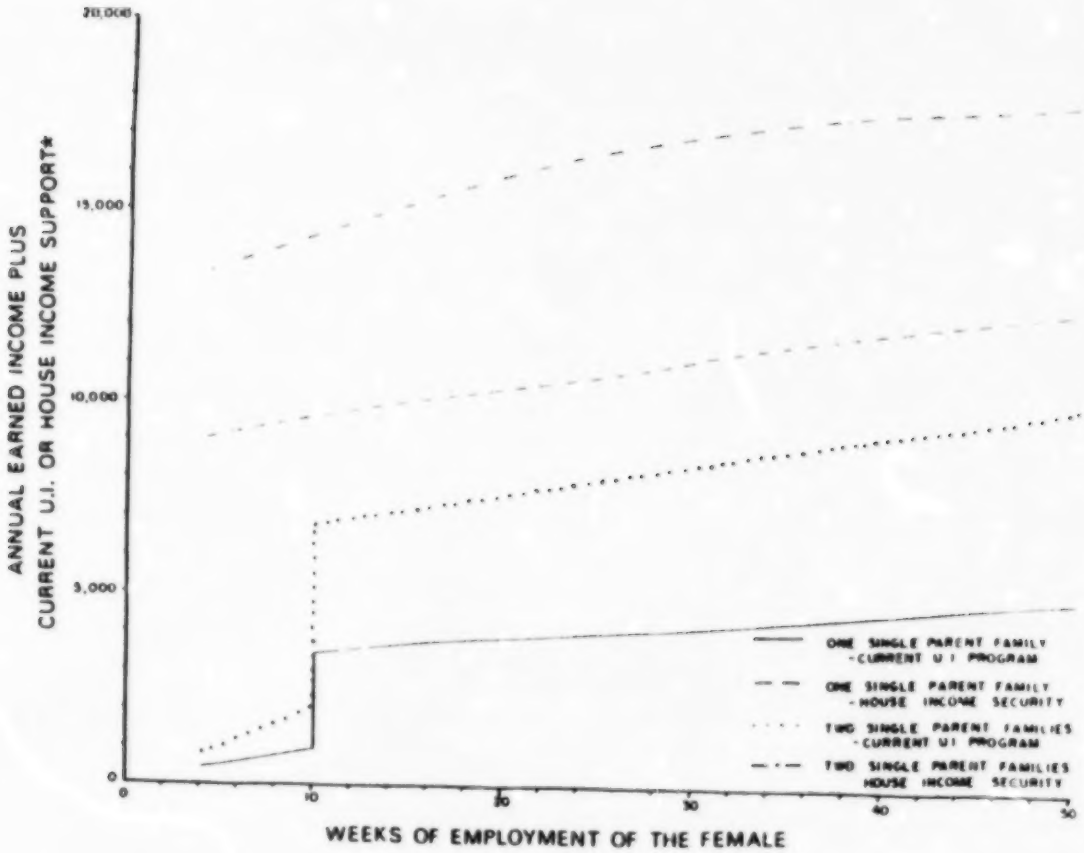
family, each working thirty-five hours per week for ten weeks, at wage rates of $7.45 and $5.50 per hour. Tables 2 and 3 report amounts for a single woman with no employment and for a single parent with no employment respectively.

An examination of the various graphs presented in figures 1 to 5 yield the following general observations. First, the single parent is eligible for greater support under the House programme in all the situations represented in those figures. Second, the woman with children in a dysfunctional marriage relationship is eligible for more support on her own under the House scheme. Third, the additional support available to the nuclear family based on the youth remaining in the extended family household is less under the House scheme than under the current U.I. programme, in both situations investigated. Fourth, there is greater additional support available to the elderly couple living on their own under the House scheme. Last, the relative well-being of women with no employment is likely to be heavily dependent on the level of social assistance support available to them under each of these schemes. The reader should be reminded that the relative level of benefits referred to here do not take into consideration possible changes in other public support programmes.



SINGLE PARENTS
(working 35 hrs./wk. @ $5.00/hr.)
FIGURE 1

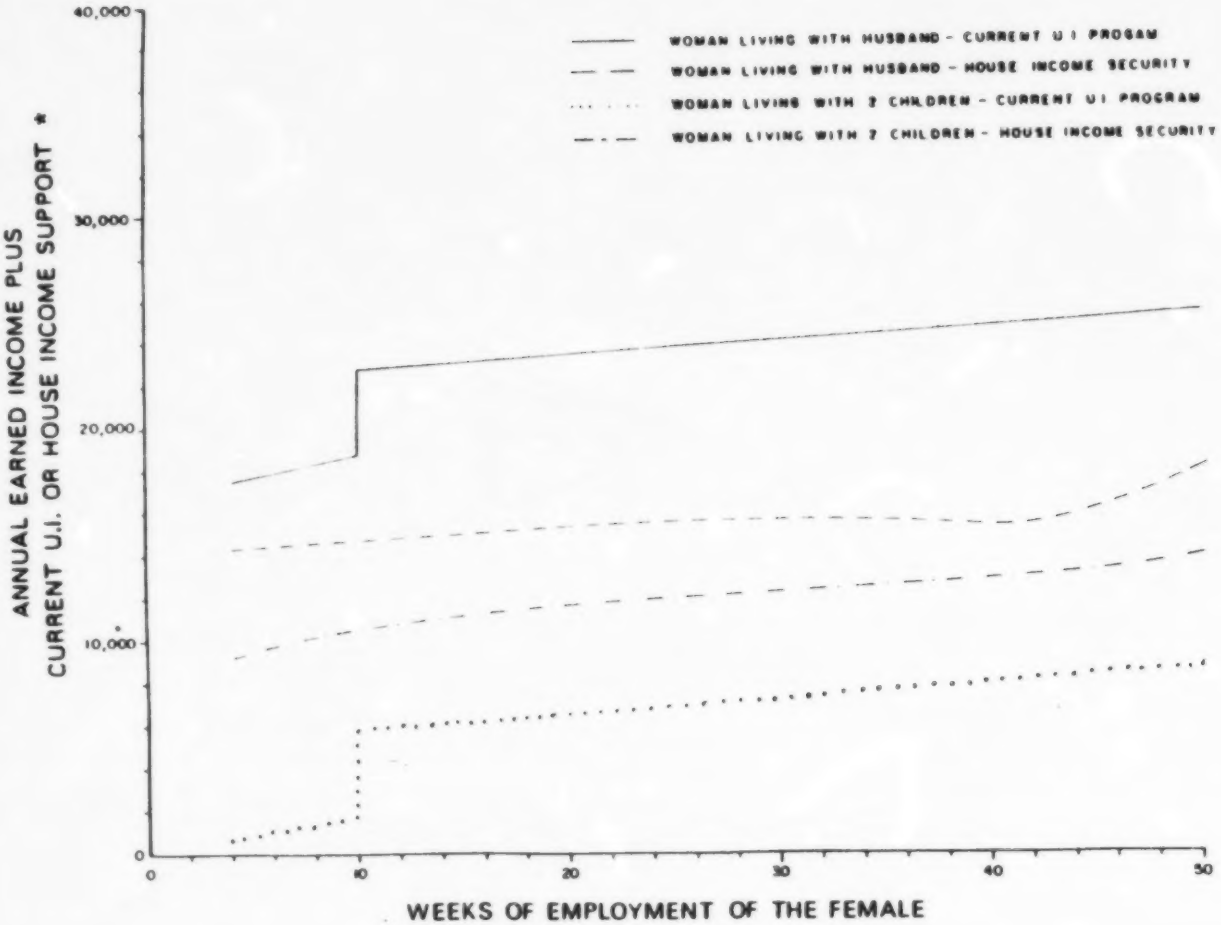
* These figures for income do not include Social Assistance, the Child Tax Credit or Family Allowance.



SINGLE PARENTS
(working 20 hrs./wk @ $5.00/hr.)

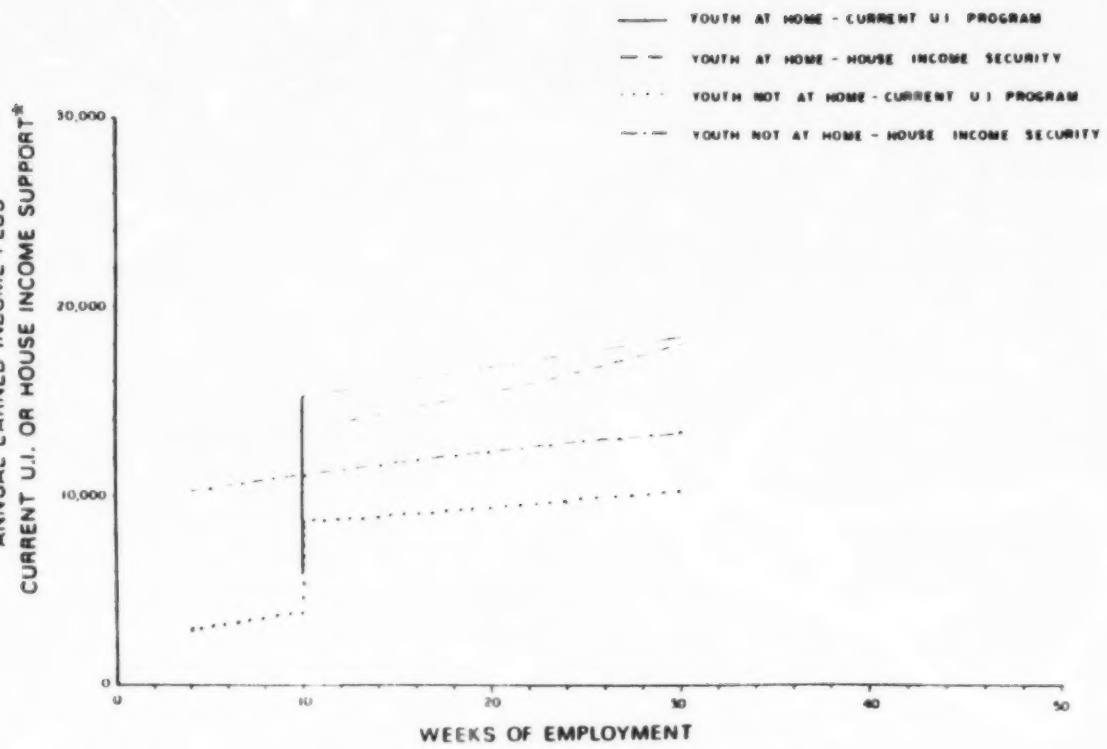
FIGURE 2

* These figures for income do not include Social Assistance, Child Tax Credit or Family Allowance.



DEPENDENT WOMAN WITH CHILDREN
(working 35 hrs./wk. @ $5.00/hr.)
FIGURE 3

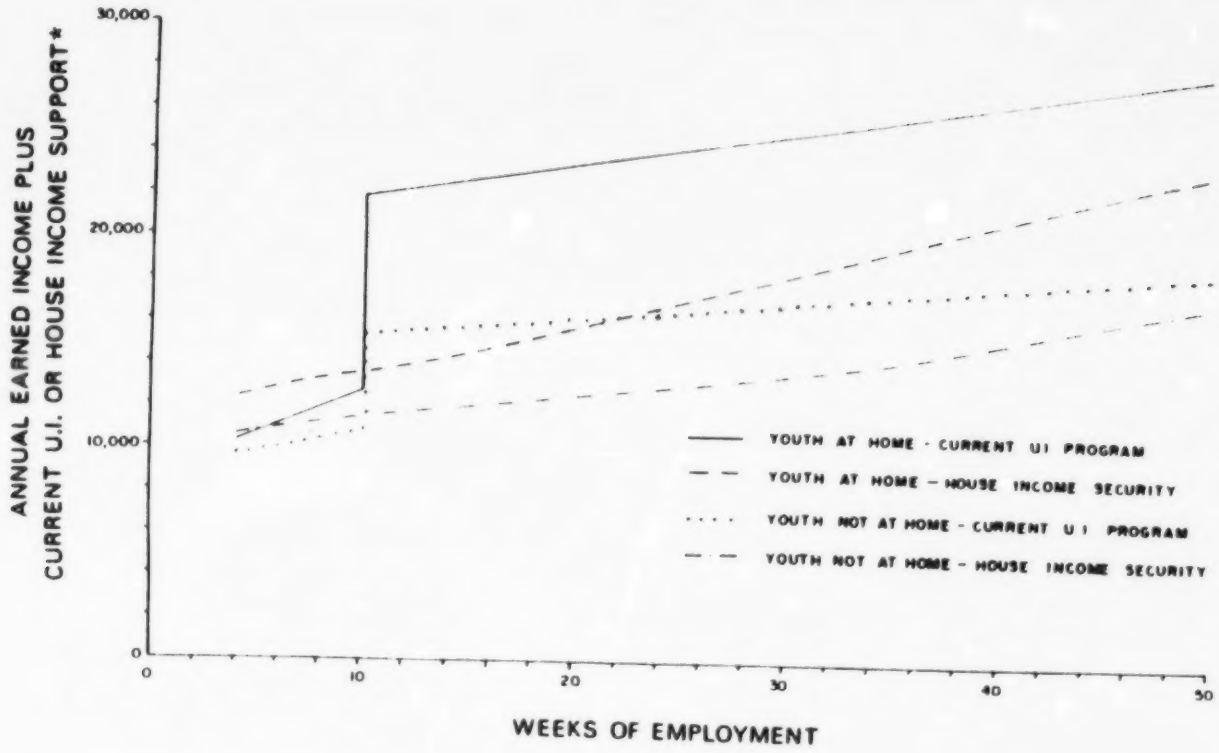
* These figures for income do not include Social Assistance Child Tax Credit or Family Allowance.



THE EXTENDED FAMILY (EMPLOYED YOUTH)
(father not eligible for U.I)

FIGURE 4

* These figures for income do not include Social Assistance, Child Tax Credit or Family Allowance



THE EXTENDED FAMILY (EMPLOYED YOUTH)
(father eligible for U.I.)

FIGURE 5

* These figures for income do not include Social Assistance Child Tax Credit or Family Allowance

TABLE 1

EXTENDED FAMILY WITH AN ELDERLY COUPLE

Annual Earned Income Plus Current U.I. or House Income Support *

	Current U.I. Program	Forget U.I. Program	House Income Program
Household of 7	$15410	$6868	$14451
Household of 5	$15410	$6868	$12624
Household of 2	$ 0	$ 0	$ 4847

TABLE 2

SINGLE WOMAN WITH NO EMPLOYMENT

Annual Earned Income Plus Current U.I. or House Income Support *

Current U.I. Program	Forget U.I. Program	House Income Program
$0	$0	$3785.50

TABLE 3

SINGLE PARENT WITH 2 CHILDREN AND NO EMPLOYMENT

Annual Earned Income Plus Current U.I. or House Income Support*

Current U.I. Program	Forget U.I. Program	House Income Program
$0	$0	$8561.50

* The figures in tables 1, 2 & 3 do not include Social Assistance, Child Tax Credit or Family Allowance.

CONCLUSION

This report has appraised some social and economic impacts which may occur upon institution of an income support system. The proposals contained in the House report were used to derive economic models of households to compare the economic benefits for the household as a whole under the House scheme as compared to a scheme using unemployment insurance. It was noted, though, that the analysis does not include the income support available to families from child tax credits, family allowances, and social assistance. The economic models showed that, from an economic point of view the entire household viewed as a unit would benefit from the House scheme. However, the literature review and the social impact analysis has indicated that caution must be used in viewing the household as a unit in terms of benefits accruing to its members. Both showed that adults and certainly minors within a household are not equal and the adults in a household do not have equal control over the resources of the household.

The social impact analysis indicated certain groups of women that are particularly vulnerable to an income support programme that is based upon the household. These groups included women in dysfunctional families (e.g. battered women and women of spouses suffering from substance abuse). The interviews clearly indicated that women feared the ending of the Family Allowance and the current system of unemployment insurance. Many could see major problems with the current system, but several mentioned that, in terms of women, caution should be exercised before putting another system in place. They were concerned about the eroding of the little economic independence women have gained in recent years.

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Appendix 1

Description of the Income Calculations

For each "household" the following information is required: number of people in the family, number of income earners, and population of the area of residence. For each income earner, average hourly wage rate, average number of hours worked per week, and average number of weeks worked per year must be known. If exact values are not available for any of these variables, estimates of them have to be made.

A computer programme produces values of total individual and family income for four different policies related to income security. They are:

1) the current Unemployment Insurance programme;

2) the Forget Unemployment Insurance programme;

3) the House Income Security programme;

4) the House Income Security programme with Forget Unemployment Insurance rules.

For the current U.I. programme, individuals are tested for eligibility using the specified criterion for this programme: a minimum of 10 weeks worked, a minimum of 15 hours worked per week, and a minimum of $99.00 earned per week. Maximum insurable earnings are set at $495 per week and benefits are 60% of the average insurable earnings for the last ten weeks of employment. The waiting period is always taken to be two weeks. Individual earnings and U.I. benefits are calculated first, and then these amounts are added together to produce total family income.

For Forget U.I., the sole eligibility criterion is a minimum of 350 hours worked. Maximium insurable earnings are set at $25,740 per year. [This treatment of maximum insurable earnings is simpler than what was actually proposed in the Forget report

because the Forget report contained no specific rules regarding maximum insurable earnings. Note that $25,740 = 52 X $495, where $495/week is the maximum insurable earnings under the current U.I. program.] Benefits are 66 2/3% of the average weekly earnings for the previous 52 weeks, where some weeks may have zero earnings. The waiting period is two weeks.

The House Income Support Programme has two major components. One component is a guaranteed basic income and the other is an income supplementation scheme. The guaranteed basic income is based on Statistics Canada low-income cutoffs. These cutoffs are given for households of various sizes living in areas with different populations. The guaranteed basic income for a household is one-half its low-income cut-off less the total earned income of all individuals in the household. The income supplementation scheme matches total household earned income on a decreasing proportional basis. That is, for the first $1,000 earned by the family the income supplementation is 100% or $1,000, but for the second $1,000 earned by the family the income supplementation is only 90% or $900. The proportion decreases in increments of 10% for each extra $1,000 of earned income until the total family earned income equals $10,000. Beyond this earned income the total income supplementation available to a family decreases with increased earned income. For total family earned income beyond $27,000 no income supplementation is provided.

The combination of the House Income Security programme with Forget U.I. is basically House Income Security with one added feature. The added feature is this: the household will receive the larger of

(a) its guaranteed basic income support; and

(b) total Forget U.I. for all income earners in the household.

It should be noted that total incomes related to programmes (2) and (4) were not included in any graphs in the main section of this report.